



Report to the Auburn City Council

Action Item

Agenda Item No.

City Manager's Approval

To: Honorable Mayor and City Council Members
From: Kim Juran, Administrative Services Director
Date: March 10, 2014
Subject: Financial Status Report – Fiscal Year 2013-14

The Issue

The City Council will review and receive the Financial Status Report for Fiscal Year 2013-14.

Action Requested

Receive and file the Financial Status Report for the City of Auburn for Fiscal Year 2013-14.

Background

It is the policy of the City Council to receive periodic financial status reports on results of City operations. An analysis of the mid-year financial status of the City's major funds which includes the General Fund, Sewer and Airport Enterprise Funds, and Gas Tax Fund are provided within the report. This analysis focuses primarily on the City's revenues at the mid-year point, as staff continues to work on completing the journal entries and transfers necessary on the expenditure side to conduct an accurate and thorough analysis. Staff will return to the City Council within 30 to 60 days to provide an expenditure analysis for the current fiscal year, at which time recommended budget adjustments will also be proposed.

The mid-year financial status report also serves as a starting point for initiating the budget process for the upcoming fiscal year. A long-term financial forecast of the major issues that will impact the City budget into the future are included in this report to provide the City Council with additional information for the budget process (See Exhibit I and Attachments).

Analysis

Under the leadership of the current Auburn City Council, the City has done better than many California cities in surviving the economic dislocation of the Great Recession. One of the major reasons for this is the City's adherence to the principal contained in Resolution Number 2003-120 establishing the City General Fund Reserve Policy (See Exhibit II). In summary, the City Council recognized at the beginning of the new millennium, that the City's local economy was very fragile and subject to rapid deterioration in economic downturns. This stemmed in large

measure to decisions made by earlier City Councils in the later 1970s and early 1980s, when the City had the opportunity to expand its boundaries but failed to move its City Limits. This singular action extremely restricted the City to the amount of new “roof-top” that would be realized in Auburn and subsequently the desire by new residents to purchase goods and business services. Likewise, this same decision limited the retail corridor that the City would enjoy by-and-large the current configuration, and forsaking the potential for capturing “motorist dollars”. As new retail was created north along 49 and east along I-80, revenues flowed to the County and not the City.

With the creation of Resolution 2003-129, the City set an aggressive target for its General Fund to assist the City Council in future years to weather economic storms. Further, subsequent City Council’s recognized that future capital reinvestment would also be limited due to decisions made in the 1970’s and 1980’s. Likewise, as one would expect in a City founded in 1872, a larger than average size reserve would be needed to cover a catastrophic loss of a major city asset(s).

Based on the above, the City Council created a reserve of nearly \$3.0 million. This reserve was used (drawn down) during the Great Recession mitigate layoffs and reduced services, albeit both occurred. That said and just as the City was hoping to rebuild its reserve, reinvest in its employees by restoring salaries reduced during the Great Recession and enhancing its equipment and infrastructure, the City Council now faces economic and financial new challenges not of its own making.

Challenge One: as the City begins the budget process for the 2014-15 fiscal-year it is critical to understand the major issues that will impact the City’s finances in the future. While the economic recovery will likely provide for some revenue growth into the future, limited by the above constraints, California cities face funding significant increases resulting from rising pension costs, see Exhibit I Attachment A.

On February 18, 2014, the CalPERS Board on the swing of the gavel approved new actuarial assumptions to reflect the fund’s recent experience. Most notably is the change to a new 20-year “mortality projection” applying to all CalPERS groups. A cost that for the next five years, cannot be shifted to the employee to help pay the unexpected “hit”. This change reflects the longer life expectancies of retirees and the fact that retirement benefits will be paid out for more years. These new assumptions will significantly increase pension costs for cities beginning in 2016-17 with a five year ramp up and a five year ramp down. This increase is in addition to already existing contribution changes.

Attachment B, Exhibit I provides an analysis of the potential impact of these recent board approved changes for the City of Auburn’s three major PERS groups. All the projections assume salaries remain as is except for planned “step increases”. In other words, salaries remain static into the foreseeable future: no COLA’s or raises. Fiscal years 2014-15 and 2015-16 reflect already existing contribution changes. Beginning in 2016-17, the mortality rate increase will take effect resulting in significantly higher annual pension costs for the City ramping up to 2020-21, when the projected increases will peak. Early projections indicate that by Fiscal Year 2020-21, the City’s pension costs will be \$316,500 per year higher than they are currently.

Attachment C, Exhibit I provides the City's financial forecast through fiscal year 2020-21 to illustrate the impact of the new PERS mortality assumptions on the General Fund. This forecast assumes modest revenue growth over the next three years that slows in the four out years. Similarly, on the expense side the forecast assumes modest inflation increases with the exception of the impact of the projected PERS increases. All growth assumptions are based on 2013-14 budget figures and do not include any salary adjustments aside from routine step increases.

This financial forecast projects that the City's General Fund will have a structural deficit beginning in fiscal year 2017-18 of \$71,894, which grows to a deficit of \$721,842 by fiscal year 2020-21, when the full impact of the PERS mortality assumptions occur. Attachment D, Exhibit 1 illustrates this information in a graphical representation.

Challenge Two: with the advent of both Wal-Mart and Costco opening outside the City Limits but just beyond the City's boundaries, City retail establishments will face significant competition not experienced in the past. This could further reduce the amount of City tax revenues, further compounding the problems identified in Challenge One.

Challenge Three: Staff just learned about Senate Bill 983 (see Exhibit III). SB 982, authored by Senator Hernandez would disallow companies from entering into contractual arrangements with a City to "pool" the corporation's "point-of-sale" as the corporate center. For example, should this bill go through, sales tax retailers such as those that have gas card locks for major customers, will now have to "book" the sales tax at the location of the point of sale instead of any arrangement the City may have with the company. This would be a major financial blow to the City's revenues given current arrangements the City has with one or more companies in the City.

Challenge Four: potential hotel market saturation. A new hotel is in the process of being slated for construction and opening near Auburn, but outside City Limits. Although the new hotel may contribute a small amount of retail sales to local business, the revenue pales in comparison to the transition occupancy tax (TOT) that will flow to the County instead of the City. Unfortunately, what is not known is how the new hotel will affect market absorption for future "heads-in-beds" for the City? The long awaited new hotel slated for the City may be adversely affected due to a lack of "market" share remaining after the new hotel opens. What is known is the amount of TOT generated by the new hotel could exceed \$300,000.

Strategies and Next Steps: The mid-year report is a call to action on several fronts. In order to immediately address Challenge One and Two, the City Council needs to reconsider its desire to commence reinvestment in capital, equipment, salaries restoration and reserves. Concurrently, the City Council should commence the preparation of an economic development strategy and fiscal policy so as to limit the time that reinvestment will need to be postponed. The time required to prepare and draft the above is 18 to 24 months. Fortunately, the City has adopted an Economic Development Element within its General Plan, and although dated, the City will not have to start from scratch. Second, the City will need to mobilize all legislative and commerce interests to significantly amend the current wording of SB 982. Finally, the City working with its partners should undertake an updated market absorption analysis to determine exactly the

impact the new hotel will have on the City's ability to secure a new TOT generator within the City Limits.

Alternatives Available to Council; Implications of Alternatives

1. Accept the Financial Status Report for Fiscal Year 2013-14.
2. Direct staff to prepare additional supplemental and/or supporting material for City Council review.

Fiscal Impact

This report is for information only.

- | | |
|----------------|---|
| Exhibit I – | Revenue Summary |
| Attachment A – | Revenue Analysis for the General Fund, Sewer Fund, Airport Fund, and Transportation Fund. |
| Attachment B - | Projected PERS Increase from PERS Board Action of February 18, 2014. |
| Attachment C – | City of Auburn General Fund Forecast 2014-15 through 2020-21 |
| Attachment D - | Graphical representation of Attachment C |

Exhibit I**General Fund**

Attachment A provides an analysis of General Fund revenues as of December 31, 2013 and year-end estimates. A comparison to revenues at this same time last year is also included to provide greater perspective of how the City's major revenues are trending.

Tax revenues account for 78% of the City's General Fund revenues. Overall tax revenues are up 3% over this same time last year, consistent with the continuing improvement in the economy. Further analysis of the City's major tax revenues are discussed below:

Property Tax – Property tax revenues are up 9.5% or \$108,000 over this same time last year as local property values continue to recover from recessionary lows. When combined with the Property Tax In-Lieu, overall property tax revenues have increased 8% over the prior fiscal year and are estimated to exceed the budget by approximately \$130,000 at year-end.

Sales Tax – Sales Tax revenues have decreased by 8.9% from last year as a result of the re-allocation by the State of sales tax to the County from the City. In addition, sales tax revenue from fuel and service stations are down 7% this year. Offsetting this decline is ERAF received in-lieu of sales tax, which will surpass the current year budget by approximately \$160,000. When combined, total sales tax revenues are anticipated to fall below budget by approximately \$100,000 at year-end.

Transient Occupancy Tax – Transient Occupancy tax revenues have increased 6.5% over last year and are estimated to surpass the current year budget by approximately \$18,000 at year-end.

Franchise - Overall Franchise revenues year-to-date are increased 30% over this same time last year, primarily attributable to significantly higher solid waste franchise revenues during the first half of the fiscal year. Cable television franchise revenues are also 6.8% higher than this same time last year. As franchise payment for gas and electric are received only once per year in the spring, no revenues have yet been received this fiscal year.

Licenses - Revenue from business licenses and animal licenses have also improved in comparison to the prior fiscal year, as license revenues are \$6,500 higher than this same time last year. It is estimated that license revenues will exceed the budget by \$10,000 at year-end.

Permit – Permit revenue is significantly below this same time last year. Given that no known projects are anticipated for the remainder of the 2013-14 fiscal year that will reverse the current year decline, permit revenues are anticipated to fall below budget at year-end by approximately \$10,000.

Interest and Rentals – Interest and rental revenue is currently trending slightly below this same time last year; however, these figures will change once the remaining delinquent bank reconciliations are completed and all interest received year-to-date have been recorded to the

City's general ledger. An updated analysis of this revenue source will be provided with a future investment report.

Based on the information available at this point in time, it is estimated that General Fund revenues will surpass the budget by approximately \$100,000 at year-end.

Sewer Enterprise Fund

Sewer revenues at the mid-year point are trending below this same time last year as the result of a significant one-time connection fee (related to the Mercy Housing Project) received during the 2012-13 fiscal year. Sewer service charges, which are collected on the property tax roll and are the primary source of revenue for the sewer fund are up 2.7% over last year. Overall sewer revenues are anticipated to be approximately \$218,000 higher than the current budget.

Airport Enterprise Fund

Airport revenue from operations is budgeted at \$640,500 in the 2013-14 fiscal year. As of the mid-year point, revenues are at exactly the 50% of budget mark, trending 3.1% below this same time last year. This decline from the prior year is primarily attributable to lower unsecured property tax remittance in December and unallocated interest to the airport fund. Airport revenues are anticipated to reach the budget at year-end.

Gas Tax Fund

With the Governor's FY2014-15 January Proposed budget, the California Department of Finance released updated estimates of statewide collections of Motor Vehicle Fuel Tax revenues for the 2013-14 and 2014-15 fiscal year, which reflect a State Board of Equalization recommendation to lower the excise tax. It is estimated that current year gas tax revenues will be approximately \$10,000 below the budget amount of \$397,900 and that 2014-15 revenues will be \$345,661.

Attachment A - Financial Update Report as of December 31, 2013

	Fiscal Year 2013-14			Fiscal Year 2012-13		
	Year to date as of 12/31/13	Estimate for 6/30/14	2013-14 Budget	Year to date as of 12/31/12	2012-13 Budget	Percentage Change from 12/13 to 13/14
Property Tax	1,243,896	2,261,628	2,142,000	1,135,492	2,100,000	9.5%
Property Tax In-Lieu	425,251	850,502	836,865	409,844	820,456	3.8%
Sales Tax	1,502,271	2,566,864	2,825,000	1,648,944	2,610,000	-8.9%
ERAF in Lieu	806,707	1,470,212	1,310,000	680,593	1,150,000	18.5%
TOT	119,433	238,866	220,000	112,170	200,000	6.5%
Transfer Tax	29,289	50,209	37,500	21,271	35,000	37.7%
Total Taxes	4,126,846	7,438,281	7,371,365	4,008,314	6,915,456	3.0%
Gas and Electric	-	113,000	113,000	-	118,000	
Solid Waste	191,917	343,834	285,000	142,520	280,000	34.7%
Cable TV	25,322	101,289	95,000	23,713	93,000	6.8%
Total Franchises	217,239	558,123	493,000	166,233	491,000	30.7%
Total Licenses	154,444	172,371	162,000	147,860	157,000	4.5%
Total Permits	71,771	120,827	131,600	99,473	126,600	-27.8%
Total Fines & Forfeitures	25,461	74,650	72,500	24,219	87,500	5.1%
Total Interest & Rentals	153,678	305,714	325,000	158,710	327,000	-3.2%
Total from Other Agencies	-	673,000	673,000	-	280,500	
Total Service Charges	42,177	98,703	95,590	46,355	110,590	-9.0%
Total Other Revenues	-	2,500	2,500	-	1,000	
Transfers In	-	155,803	155,803	-	100,000	
Total General Fund Revenues	4,791,616	9,599,971	9,482,358	4,651,164	8,596,646	3.0%

Attachment A - Financial Update Report as of December 31, 2013

	Fiscal Year 2013-14			Fiscal Year 2012-13			Percentage Change from 12/13 to 13/14
	<u>Year to date as of</u> <u>12/31/13</u>	<u>Estimate for</u> <u>6/30/14</u>	<u>2013-14 Budget</u>	<u>Year to date as of</u> <u>12/31/12</u>	<u>2012-13 Budget</u>		
Sewer Fund							
Service Charges	2,920,399	5,309,817	5,069,872	2,843,803	4,979,812		2.7%
Connection Fees	35,346	40,000	36,000	332,184	35,000		-89.4%
Interest Income	9,878	50,000	75,000	34,675	100,000		-71.5%
Total Sewer Revenues	2,965,623	5,399,817	5,180,872	3,210,662	5,114,812		-7.6%
Airport Fund							
Property Tax	25,987	30,000	38,000	37,868	23,000		-31.4%
Land Rental	249,251	510,466	500,000	243,490	485,000		2.4%
Interest Earned	-	2,500	3,000	2,386	3,000		-100.0%
FBO & Aviation Fuel Sales	5,568	11,136	12,000	5,686	10,000		-2.1%
FBO Tie Down Spaces	14,630	41,382	39,000	16,070	35,000		-9.0%
Hangar Rental	19,680	36,750	37,000	19,680	37,000		0.0%
Office Rental	5,841	11,500	11,500	6,001	11,500		-2.7%
Total Airport Revenues	320,957	643,734	640,500	331,181	604,500		-3.1%

Attachment B - City of Auburn Projected PERS Increase including PERS Board Action of February 18, 2014

	14/15	15/16	16/17	17/18	18/19	19/20	20/21	Total
Miscellaneous								
Base Rate	0.53%	0.87%	0.80%	0.80%	0.80%	1.00%	0.70%	5.50%
Mortality Inc.	0.00%	0.00%	0.80%	0.60%	0.60%	0.60%	3.00%	5.60%
Total Rate Inc.	0.53%	0.87%	1.60%	1.40%	1.40%	1.60%	3.70%	11.10%
Approximate Impact	\$ 12,723	\$ 20,884	\$ 38,408	\$ 33,607	\$ 33,607	\$ 38,408	\$ 88,819	\$ 266,456
Police - Tier 1								
Base Rate	1.74%	2.08%	2.10%	2.10%	2.00%	2.00%	2.00%	14.02%
Mortality Inc.			3.30%	1.40%	1.40%	1.40%	7.00%	14.50%
Total Rate Inc.	1.74%	2.08%	5.40%	3.50%	3.40%	3.40%	9.00%	28.52%
Approximate Impact	\$ 28,529	\$ 34,104	\$ 88,540	\$ 57,387	\$ 55,747	\$ 55,747	\$ 147,566	\$ 467,620
Fire - Tier 1								
Base Rate	1.68%	2.11%	2.10%	2.10%	2.00%	2.00%	2.00%	13.99%
Mortality Inc.	0.00%	0.00%	3.30%	1.40%	1.40%	1.40%	7.00%	14.50%
Total Rate Inc.	1.68%	2.11%	5.40%	3.50%	3.40%	3.40%	9.00%	28.49%
Approximate Impact	\$ 14,965	\$ 18,795	\$ 48,100	\$ 31,176	\$ 30,285	\$ 30,285	\$ 80,167	\$ 253,775
Annual Cost Increase	\$ 56,217	\$ 73,783	\$ 175,048	\$ 122,170	\$ 119,640	\$ 124,441	\$ 316,552	\$ 987,851

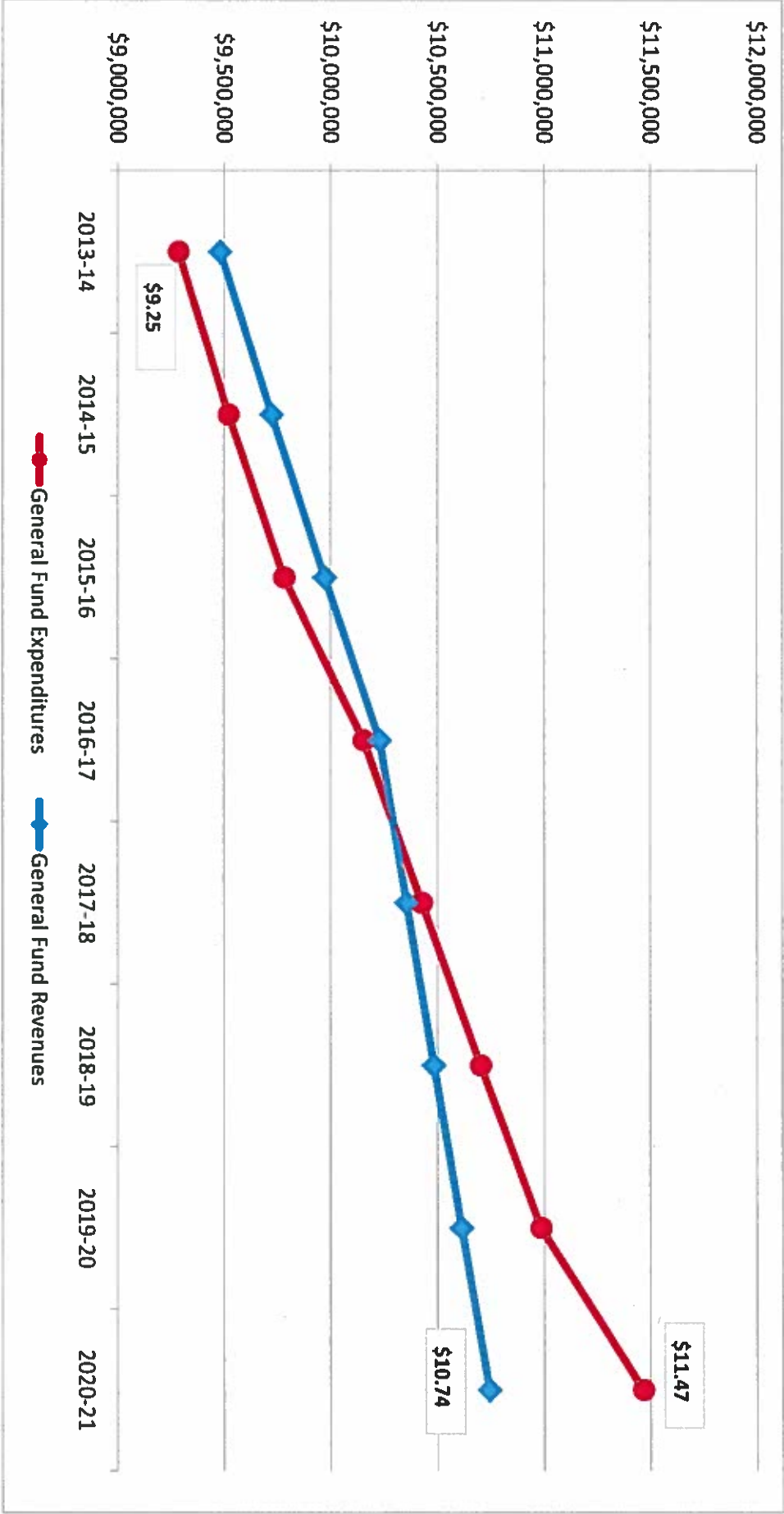
Other Considerations

- 1) City has second tier plans for Police and Fire along with PEPPRA plans. Annual Cost increase noted above only includes first tier plans, as over 90% of the City's current employee base is included in these tiers. Actual annual cost increases will be higher than the above as a result of additional plan costs.
- 2) Dollar estimates do not include salary adjustments in out years - based on Fiscal Year 2013-14 salary figures
- 3) Assumes current staffing scenarios; as retirements occurs, new hires will fall into second tier/ PEPPRA plans, which will have slightly lower costs

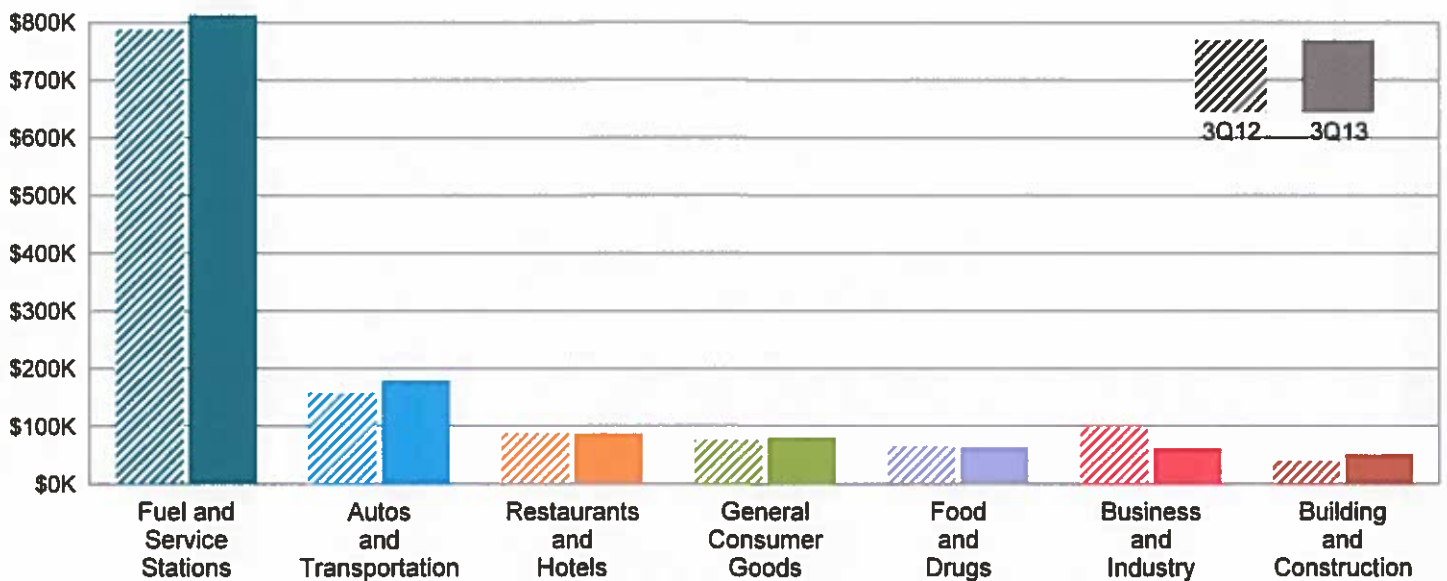
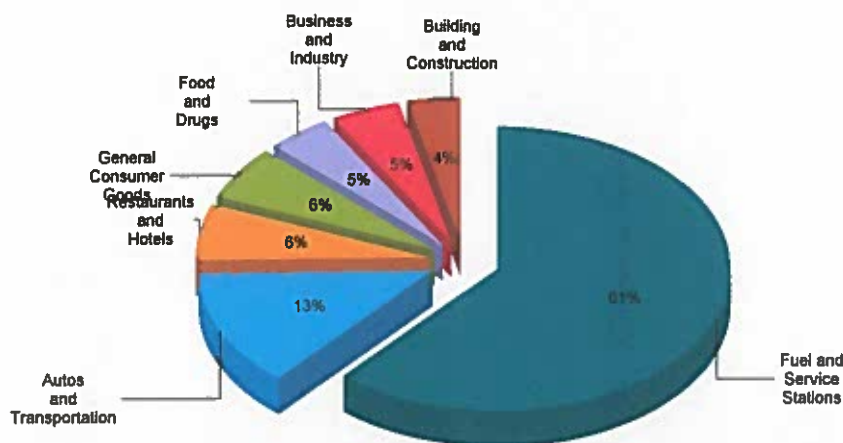
Attachment C - City of Auburn General Fund Financial Forecast

Revenues	2013-14	Inc.	2014-15	2015-16	2016-17	Inc.	2017-18	2018-19	2019-20	2020-21
Property Tax	2,978,865	3%	89,366	92,047	94,808	2%	65,102	66,404	67,732	69,086
Sales Tax	4,135,000	3%	124,050	127,772	131,605	1%	45,184	45,636	46,092	46,553
Transient Occupancy Tax	220,000	5%	11,000	11,550	12,128	1%	2,547	2,572	2,598	2,624
Permit Revenue	131,600	2%	2,632	2,685	2,738	2%	2,793	2,849	2,906	2,964
Other Revenues	2,016,893		15,000	15,000	15,000		10,000	10,000	10,000	10,000
Increase in General Fund Revs.			242,048	249,053	256,279		125,626	127,461	129,328	131,228
Total General Fund Revenues	9,482,358		9,724,406	9,973,459	10,229,738		10,355,364	10,482,825	10,612,153	10,743,381
Expenditures										
Salary	4,465,669	1%	44,657	45,103	45,554	1%	46,010	46,470	46,935	47,404
Medical	877,667	5%	43,883	46,078	48,381	3%	30,480	31,395	32,337	33,307
PERS	1,017,417		60,217	79,783	185,048		132,170	131,640	136,441	332,552
Non-Personnel	2,924,093	3%	87,723	90,354	93,065	2%	63,905	65,183	66,486	67,816
Increase in General Fund Exp.			236,480	261,319	372,049		272,565	274,687	282,198	481,079
Total General Fund Expenditures	9,284,846		9,521,326	9,782,644	10,154,693		10,427,258	10,701,945	10,984,144	11,465,223
General Fund Excess/(Deficit)	197,512		203,080	190,815	75,045		(71,894)	(219,120)	(371,991)	(721,842)

City of Auburn Financial Forecast
Includes CalPERS Mortality Assumptions Feb 2014



Major Industry Group	Count	3Q13	3Q12	\$ Change	% Change
Fuel and Service Stations	18	740,985	718,193	22,792	3.2%
Autos and Transportation	101	162,615	142,074	20,542	14.5%
Restaurants and Hotels	82	77,718	78,052	(334)	-0.4%
General Consumer Goods	601	71,604	67,201	4,403	6.6%
Food and Drugs	36	55,603	58,261	(2,658)	-4.6%
Business and Industry	266	55,515	87,254	(31,739)	-36.4%
Building and Construction	39	44,649	34,557	10,091	29.2%
Transfers & Unidentified	1	275	0	275	-N/A-
Total	1,144	1,208,964	1,185,591	23,373	2.0%

3Q12 Compared To 3Q13

3Q13 Percent of Total



RESOLUTION NO. 03-129

RESOLUTION ESTABLISHING GENERAL FUND RESERVE POLICY

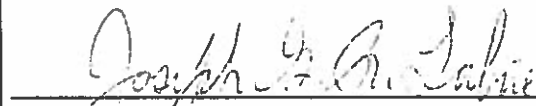
THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby approve the following policy with respect to the City General Fund: The City of Auburn will maintain a General Fund contingency reserve according to "Attachment 6," a copy of which is attached hereto. This reserve can only be expended upon approval by the City Council and is intended to meet unforeseen contingencies such as emergencies, revenue shortfall, mandates or unanticipated inflation. It is not intended for routine capital projects or general operations. A budget policy is established approving a line item budget contingency for the General Fund of at least 2% for each budget cycle.

DATED: October 27, 2003.


KATHY SANDS, Mayor

ATTEST:

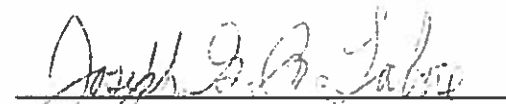

Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify that the foregoing resolution was duly passed at a regular meeting of the City Council of the City of Auburn held on the 27th day of October 2003 by the following vote on roll call:

Ayes: Dowdin, Hanley, Maki, Holmes, Sands

Noes:

Absent:


Joseph G. R. Labrie, City Clerk

Recommended Enhancement & Expansion of General Fund Reserve Policy
City of Auburn -- General Fund Reserve(s) for FY 2003-04

Attachment #6

Fiscal Condition to be Considered	Basis for Determination of Amount	Amount Computed for FY 2003-04
What is the potential for revenue shortfalls ?	Sale taxes subject to "business cycle" uncertainties: 20% of forecast multiplied by 3 (years)	\$ 870,094
How much of the budget depends on subvention revenues, and what are the chances that these funds might be terminated?	MVIF "backfill" reimbursements subject to deferral or repeal by State Legislature: 67% of forecast	484,109
What is the present policy on equipment replacement ?	A substantial portion of major equipment replacement expenditures are funded through development fees	-
What kinds of insurance protect the City against loss form lawsuits or destruction of assets?	The City maintains sufficient casualty and liability insurance coverage to assure non-interruption of service/program delivery	-
What kinds of losses might the government suffer from natural disasters?	Greatest risk is to storm drain system and roadways from flooding: last time this occurred Federal Relief funds were obtained to complete infrastructure repairs	-
How much and how quickly could the government borrow funds?	Tax Anticipate Note Revenue (TRANS) pools are available from the League of Cities (JPA) for dry period financing.	
How much liquidity is needed for a government's operations accounts?	Dry period (Jul - Dec) funding (50% -- difference between anticipated "sales tax" remittances and payroll charges) of payroll obligations is \$120,000/month	720,000
How much should be set aside for long-term liabilities?	30-days accounts payable financing for vendors	130,093
	Accrued payroll liabilities (vest sick-leave and vacation time): as reported on most recent audited Financial Statements	786,254
Combined General Fund Cash Reserved Requirement for FY 2003-04		2,990,550

SENATE BILL

No. 983

Introduced by Senator Hernandez

February 11, 2014

An act to amend Section 7205 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 983, as introduced, Hernandez. Local sales taxes: card lock fuel: place of sale.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law. That law provides that for the purpose of a local sales tax adopted pursuant to that law, all retail sales are consummated at the place of business of the retailer unless otherwise specified.

This bill would instead provide that, in the case of a sale of fuel for card lock systems, the place at which the retail sale of card lock fuel is consummated is the point of delivery of fuel to the vehicle.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- P1 1 SECTION 1.
Section 7205 of the *Revenue and Taxation Code*
2 is amended to read:
3 7205.
(a) For the purpose of a sales tax imposed by an
4 ordinance adopted pursuant to this part, all retail sales are
5 consummated at the place of business of the retailer unless the
6 tangible personal property sold is delivered by the retailer or his
7 or her agent to an out-of-state destination or to a common carrier
P2 1 for delivery to an out-of-state destination. The gross receipts from
2 those sales shall include delivery charges, when those charges are
3 subject to the state sales and use tax, regardless of the place to
4 which delivery is made.
5 (b) (1) In the event a retailer has no permanent place of business
6 in the state or has more than one place of business, the place or
7 places at which the retail sales are consummated for the purpose
8 of a sales tax imposed by an ordinance adopted pursuant to this
9 part shall, subject to paragraph (2), be determined under rules and
10 regulations to be prescribed and adopted by the board.
11 (2) In the case of a sale of jet fuel, the place at which the retail
12 sale of that jet fuel is consummated for the purpose of a sales tax
13 imposed by an ordinance adopted pursuant to this part is the point
14 of the delivery of that jet fuel to the aircraft.
15 (3) (A) *In the case of a sale of fuel for card lock systems, the*
16 *place at which the retail sale of card lock fuel is consummated for*
17 *the purpose of a sales tax imposed by an ordinance adopted*

18 *pursuant to this part is the point of delivery of fuel to the vehicle.*
19 *(B) "Card lock system" means a system where owners of*
20 *unattended card lock fuelling stations form a network whereby*
21 *customers may purchase fuel at any of the network's participating*
22 *fuelling stations by use of a card issued to the customer, and where*
23 *prices are not posted at the pump and no receipt is given at the*
24 *time of delivery.*

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